

September 22, 2005

Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

2005 SEP 30 AM 10 06



Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

Attn: Comments/ Legal ESS: Application for Deposit Insurance by Wal-Mart Bank

Dear Chairman Powell and Director Carter:

The Ohio Bankers League ("OBL") is writing to comment on the application to the FDIC by Wal-Mart Bank. for federal deposit insurance. Wal-Mart bank is a Utah industrial bank that is a wholly owned by Broadstreet Financial Services, which in turn is owned by retailing giant Wal-Mart.

The Ohio Bankers League ["OBL"] is a non-profit trade association that represents the interests of Ohio's commercial banks, savings banks, savings associations as well as their holding companies and affiliated organizations. The OBL has nearly 270 members that include the full spectrum of the financial services industry, from small savings associations that are organized as under mutual ownership or locally owned and operated businesses to large multistate holding companies that have several affiliates and do business from coast to coast. Several of our members are doing business exclusively in smaller communities that would be in direct competition with Wal-Mart Bank. For that reason, this application is of great importance to banks and thrifts doing business in Ohio.

By attempting to enter the financial services business via an industrial loan company, Wal-Mart is attempting to exploit a loophole in the Bank Holding Company Act. Nevertheless, the FDIC must recognize that on several occasions Congress has clearly stated a policy that prohibits commercial firms from owning depository institutions. This long-standing principal was reaffirmed with the enactment of Financial Modernization in 1999 (aka Gramm-Leach-Bliley), which terminated the ability of commercial firms to own thrifts. Even more recently, the US House has approved language on two occasions

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that would preclude industrial banks such as the applicant here from either branching interstate, or offering business checking accounts unless 85% of corporate revenues are generated from activities considered financial in nature. The issue of commercial enterprises owning insured depositories is major policy issue that needs to be addressed by Congress, not bank regulators. Until these important issues are finally resolved by Congress, it is premature to even consider this application for deposit insurance. It is irrelevant that the current application does not contemplate the general retail banking business. Expanding the activities of this bank would only be a small step for a sophisticated retail giant like Wal-Mart.

The United States Code grants the FDIC broad latitude when it is considering a new application for insurance. There are 7 factors to be considered under 12 USC 1816. The seventh test is whether the applicant's corporate powers are consistent with the purposes of the FDI Act. Please recall that the FDIC was created at the depths of the Great Depression, so the primary purpose of the FDI Act was to promote stability in the financial services system. For the reasons enumerated above however, the Wal-Mart Bank would be very de-stabilizing, so the FDIC should deny the application for deposit insurance by the Wal-Mart bank.

Respectfully Submitted;


Jeffrey D. Quayle
Sr. Vice President & General Counsel